



CO-OPERATIVE FEDERATION OF
VICTORIA LTD

FOR THE YEAR ENDED 30 JUNE 2000

Financial Statements

CO-OPERATIVE FEDERATION OF VICTORIA LTD**DIRECTORS' REPORT**

To the members,

Your Directors submit their report, together with the audited accounts of the Federation for the year ended 30 June 2000.

DIRECTORS

The Directors in office as at the date of this report are:

John Niel BLACK
Malcolm Herbert BOYCE
David Henry GRIFFITHS
Vernon Bruce HUGHES
John Sylvester LUCKMAN
Valerie Therese OGIER
Ronald John STONE
Rolf WILKINS

PRINCIPAL ACTIVITIES

The principal activities of the Federation in the course of the financial year were:

- Maintaining relations with the Office of Fair Trading,
- Publishing the *Victorian Co-operative News*,
- Providing and developing services for use by members,
- Conducting seminars,
- Participating in meetings of the Co-operatives Council of Australia, and
- Fostering co-operation between member co-operatives.

OPERATING RESULTS FOR THE YEAR

The net amount of the loss of the Federation for the financial year after provision for income tax was \$9,506.

DIVIDENDS

The Directors recommend that no amount should be paid by way of dividend. No amount has been paid or declared by way of dividend since the end of the previous financial year.

REVIEW OF OPERATIONS

The Federation concluded the financial year with an operating loss of \$9,506 after provision for income tax, compared to a loss of \$100 the previous year. Total revenue for the year decreased by 5% to \$57,105, with non grant income decreasing by 20% to \$38,215 compared to \$48,192 the previous year. Total expenses increased by 11% to \$66,833 for the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Federation over the year.

AFTER BALANCE DATE EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the Federation's operations for the next succeeding financial year.

INFORMATION ON DIRECTORS

John Niel Black

Past Chairman of the Federation
30 years experience as Co-operative Director
Appointed Director in 1998

Malcolm Herbert Boyce

Director Emerald and District Co-op Society Ltd - 17 years
Appointed Director in 1998

David Henry Griffiths

Secretary of Co-operative Energy Ltd
Chairman Co-op Federation of Victoria
Appointed Director in 1995

Vernon Bruce Hughes

Director New Market Co-op Ltd
Appointed Director in 1998

John Sylvester Luckman

Chairman YCW Co-op
Delegate to Co-op Federation of Victoria since 1995
Appointed Director in 1997

Valerie Therese Ogier

Chairman Co-operative Purchasing Services Ltd since June 1994
Appointed Director in 1996

Ronald John Stone

Director Ballarat Community Education Centre Co-op Ltd
Delegate to Co-op Federation of Victoria since 1995
Appointed Director in 1998

Rolf Wilkins

Managing Director of Swinburne Bookshop Co-op Ltd for 16 years
Secretary Swinburne Bookshop Co-op Ltd 21 years
Appointed Director in 1999

Eight board meetings were held during the 1999/2000 year. The attendances at board meetings by directors holding office at 30 June 2000 are as follows:

D Griffiths attended 8 out of 8 meetings
N. Black attended 5 out of 8 meetings
M. Boyce attended 1 out of 8 meetings
V. Hughes attended 3 out of 8 meetings
J. Luckman attended 7 out of 8 meetings
V. Ogier attended 4 out of 8 meetings
R. Stone attended 5 out of 8 meetings
R. Wilkens attended 4 out of 8 meetings

DIRECTORS AND EXECUTIVE OFFICERS EMOLUMENTS

Directors are not paid any fees for services as a director. The Federation has a policy of reimbursing directors for travel expenses to board meetings. The secretary in his capacity as the Federation's Executive Officer receives a salary for the provision of administration and member services to the Federation.

Since the end of the previous financial year, no Director of the Federation has received or become entitled to receive a benefit, by reason of a contract made by the Federation with the Director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest.

No director has an interest in a contract which the directors are entitled to a benefit which confers a right to call for or deliver shares in, or debentures of or interest in a registered scheme made available by the Federation or a related body corporate.

INDEMNIFYING OFFICERS OR AUDITORS

The Federation has paid a premium to insure directors and officers against liability for costs and expense incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Federation, other than conduct involving wilful breach of duty in relation to the Federation. The premium paid was \$1,125.

The Federation has not given or entered into an agreement to indemnify any person who is or has been an officer or auditor of the Federation in relation to defending legal proceedings.

This report is made in accordance with a resolution of the Board and is signed for and on behalf of the Directors.

Signed at Melbourne on the 28 day of SEPT 2000.

David Griffiths.....
Director

Karenie Rogers.....
Director

CO-OPERATIVE FEDERATION OF VICTORIA LTD

OPERATING STATEMENT
YEAR ENDED 30 JUNE 2000

	Notes	2000 \$	1999 \$
INCOME			
Grants Received		18,980	12,000
Fees Received		650	1,005
Interest Received		261	1,176
Commissions Received		201	447
Membership Subscriptions		35,285	36,591
Publication Sales		630	7,109
Sundry Income		60	1,864
Annual dinner		238	-
Profit on Sale of Leased Asset		800	-
		<hr/> 57,105	<hr/> 60,192
EXPENSES			
Accounting Fees		-	677
Advertising and Promotion		220	100
Auditors Remuneration	2	1,540	1,445
Banking Charges		186	258
Chairman's Expenses		584	-
Commission Payable		2,836	1,308
Conferences and Seminars		-	456
Consultants Fees		6,000	24,450
Depreciation		232	470
Equipment Repairs & Maintenance		-	230
Executive Officers Remuneration	3	16,712	-
Grant Expenditure		17,112	-
Insurance – Fidelity		2,360	2,250
Legal Fees		204	-
Library Resources		-	178
Leasing Charges		2,421	2,421
Meetings		-	38
Meeting Expenses		1,791	1,963
Postage		2,022	3,830
Printing, Publishing & Photocopying Expenses		4,633	6,874
Stationery and Office Supplies		1,237	1,839
Stock Purchases		-	5,243
Subscriptions and Memberships		400	400
Sundry Expenses		1,395	507
Superannuation		1,020	-
Telephone, Fax & Internet		3,826	3,830
Travel - Other		-	1,435
Workcover		102	-
		<hr/> 66,833	<hr/> 60,202
OPERATING PROFIT		<hr/> (9,728)	<hr/> (10)

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2000

	Notes	2000 \$	1999 \$
Operating Loss before Income Tax	2	(9,728)	(10)
Income Tax Expense/(Benefit) Attributable to Operating Profit	4	<u>(222)</u>	<u>90</u>
Operating Loss After Income Tax		(9,506)	(100)
Retained Surplus at the beginning of the Financial Year		<u>27,057</u>	<u>27,157</u>
Retained Surplus at the end of the Financial Year		<u><u>17,551</u></u>	<u><u>27,057</u></u>

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

BALANCE SHEET
AS AT 30 JUNE 2000

	Notes	2000 \$	1999 \$
CURRENT ASSETS			
Cash on Hand		-	100
Cash at Bank			
Commonwealth Bank		25,704	19,640
Bendigo Bank - Term Deposits		-	18,442
Stock of Publications		2,513	2,904
Accrued Income		919	-
Total Current Assets		<u>29,136</u>	<u>41,086</u>
NON-CURRENT ASSETS			
Investments - Asia Pacific Co-operative			
Community Enterprise Network (at cost)		10	10
Purchasing Vic. Co-op Ltd Shares (at cost)		10	10
Office Furniture and Equipment (at WDV)	5	183	415
Future Income Tax Benefit	4	184	39
Total Non-Current Assets		<u>387</u>	<u>474</u>
TOTAL ASSETS		<u>29,523</u>	<u>41,560</u>
CURRENT LIABILITIES			
Sundry Creditors		2,076	805
Provision for Income Tax	4	-	112
Unearned Income		8,220	12,000
Total Liabilities		<u>10,296</u>	<u>12,917</u>
NET ASSETS		<u>19,227</u>	<u>28,643</u>
SHAREHOLDERS EQUITY			
Share Capital	6	960	850
Forfeited Share Reserve	7	400	420
Statutory Reserve		316	316
Retained Surplus		17,551	27,057
Total Shareholders Equity		<u>19,227</u>	<u>28,643</u>

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LTD
NOTES TO AND FORMING PART OF THE ACCOUNTS
YEAR ENDED 30 JUNE 2000

1. Statement of Accounting Policies

a) Basis of Accounting

The Co-operative Federation of Victoria Ltd is not a reporting entity because in the Directors' opinion there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs, and these accounts are therefore a "Special Purpose Financial Report" that has been prepared solely to meet the Co-operatives Act 1996 requirements to prepare accounts.

The accounts have been prepared in accordance with the applicable Accounting Standards and other mandatory professional reporting requirements and the requirements of the Co-operatives Act 1996 with the exception that Accounting Standards AASB 1026 (Statement of Cash Flows) has not been adopted.

The accounts have been prepared under the historical cost convention and, therefore, do not take into account changing money values or, except where stated, the current value of monetary assets.

The accounting policies adopted are consistent with those applied in the previous year.

b) Plant and Equipment

Plant and equipment are included at cost. All assets are depreciated over their useful lives by the straight line method.

c) Income Tax

The Co-operative Federation of Victoria Ltd adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of operating profit before income tax and taxable income, are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. Future income tax benefits relating to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
YEAR ENDED 30 JUNE 2000

	2000 \$	1999 \$
2. Operating Profit		
Operating profit before Income Tax has been determined after:		
Charging as Expense		
Auditors' remuneration		
(i) auditing of accounts - current year	665	620
- previous year under/(over) accrual	(25)	-
(ii) other services	900	825
	<u>1,540</u>	<u>1,445</u>
3. Executive Officers Remuneration		
Comprised:		
Salary	12,905	-
Travel Reimbursement	2,127	-
Grant Remuneration	1,680	-
	<u>16,712</u>	<u>-</u>
4. Income Tax Expense		
a) The prima face tax payable on operating profit is reconciled to the income tax provided in the accounts as follows:		
Operating Loss before Income Tax	(9,728)	(10)
<u>Less</u> Exempt Income	(36,116)	(37,764)
<u>Add</u> Expenses incurred in deriving Exempt Income	43,208	38,086
Taxable Income (Loss)	<u>(2,636)</u>	<u>312</u>
Tax effect at 36%	-	112
Increase in Future Income Tax Benefit	(145)	(22)
Overprovision previous year	(77)	-
Income Tax Expense/(Benefit)	<u>(222)</u>	<u>90</u>

CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
YEAR ENDED 30 JUNE 2000

	2000 \$	1999 \$
4. Income Tax Expense Cont'd		
b) The Income Tax expense/(benefit) comprises amounts set aside as:		
Provision for Income Tax Payable	-	112
Future Income Tax Benefit	(145)	(22)
Overprovision previous year	(77)	-
	<u>(222)</u>	<u>90</u>
Future Income Tax Benefit relates to:		
• Timing Differences	<u>184</u>	<u>39</u>
5. Property, Plant & Equipment		
Office Furniture and Equipment		
At Cost	1,779	1,779
Accumulated depreciation	<u>1,596</u>	<u>(1,364)</u>
	<u>183</u>	<u>415</u>
6. Share Capital		
Issued capital: 480 (1999: 425) shares	<u>960</u>	<u>850</u>
7. Movement in Reserves		
Forfeited Share Reserve:		
Net transfer to Share Capital	<u>20</u>	<u>-</u>

CO-OPERATIVE FEDERATION OF VICTORIA LTD**DIRECTORS DECLARATION**

In accordance with a Resolution of the Directors of the CO-OPERATIVE FEDERATION OF VICTORIA LTD we do hereby state that in the opinion of the Directors, the accompanying Profit and Loss Account is drawn up so as to give a true and fair view of the loss of the Federation for the financial year ended 30 June, 2000 and the accompanying Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Federation as at 30 June, 2000.

Signed at Melbourne this 28 day of SEPT 2000 in accordance with a resolution of Directors.

David Griffiths.....
Director

Patricia Goss.....
Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CO-OPERATIVE FEDERATION OF VICTORIA LTD**

Scope

We have audited the accounts being the Declaration by Directors, Profit and Loss Account and Balance Sheet and Notes to Accounts of Co-operative Federation of Victoria Ltd for the year ended 30 June, 2000. The Federation's directors are responsible for the preparation and presentation of the accounts and the information they contain. We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the Federation.

Our audit has been conducted in accordance with Australian Auditing Standard to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Federation's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion, the financial report of the Federation is properly drawn up in accordance with:-

- a) The Corporations Law, including:
 - i) giving a true and fair view of the Federation's position as at 30 June 2000 and of the performance for the year ended on that date, and
 - ii) complying with Accounting Standards and the Corporations Regulations.
- b) The Provisions of the Co-Operatives Act 1996.
- c) Other mandatory professional reporting requirements.

Signed at Ballarat this 27th day of SEPT. 2000

.....*Prose, Perrin & Twomey*.....
 PROWSE, PERRIN & TWOMEY
 Certified Practising Accountants

.....*Tim Bunning*.....
 Tim Bunning (Partner)